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ZNR UUUUU ZZH
P 171209Z JUL 06
FM AMEMBASSY DILI
TO RUEHC/SECSTATE WASHDC PRIORITY 2803
INFO RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC
RUEKJCS/SECDEF WASHDC
RUCNDT/USMISSION USUN NEW YORK PRIORITY 0611
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RUEKJCS/JOINT STAFF WASHDC
RHEFDIA/DIA WASHINGTON DC
RUEHDT/AMEMBASSY DILI 2130

UNCLAS SECTION 01 OF 04 DILI 000368

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SENSITIVE

DEPT FOR EAP/MTS
PACOM FOR POLAD AND JOC
NSC FOR HOLLY MORROW
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E.O. 12958: N/A

TAGS: [PGOV](#) [TT](#)

SUBJECT: PRIME MINISTER RAMOS-HORTA ANNOUNCES NEW GOVERNMENT

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11. (SBU) Summary: Prime Minister Jose Ramos-Horta on Friday, July 14, announced the composition of the government over which he will preside. The new government resembles the previous one led by ex-Prime Minister Mari Alkatiri in most respects, with a few notable changes. The majority of ministers, vice ministers and secretaries of state remain in their positions and, despite his stated intent to dramatically reduce the size of the cabinet, there were no significant cuts. The most important addition to the new government, and a victory for Ramos-Horta vis-à-vis Fretilin, was the appointment of Jose Luis Guterres as Minister of Foreign Affairs, who will leave his posting as East Timor's Ambassador to the United Nations to take over this portfolio. Additional changes include: the elevation of Jose Teixeira to Minister of Natural Resources, Petroleum and Energy Policy, previously held by Alkatiri, and the replacement of the education and transportation ministers. Although most of the cabinet's composition was not controversial, there were several indications of the tensions between Ramos-Horta's and Fretilin's priorities. He successfully overrode the party's objections to Guterres' appointment, but two important vice minister positions---in the interior and justice ministries---remain vacant due to disagreements about the candidates. End summary.

12. (U) Prime Minister Jose Ramos-Horta unveiled the new government in a ceremony at the President's office on July 14. The announcement held few surprises as he had previously made it known that there would be no significant reshuffling. He has on several occasions stated his intent to cut the size of the cabinet by as much as half, possibly by reducing the number of secretary of state positions. However, the newly-announced

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cabinet is only down by one vice minister position, leaving a total membership of 37, including 15 ministers, 12 vice ministers 10 secretaries of state.

Ambassador Guterres takes over foreign affairs, Ramos-Horta

retains defense

13. (SBU) Jose Luis Guterres, who has for the past few years served as East Timor's Ambassador to the United Nations and the U.S., will return to take over the foreign affairs portfolio from Ramos-Horta. Guterres' appointment represents a victory for Ramos-Horta as Fretilin initially resisted the idea and pushed for Hernani Coelho, the Ambassador to Australia. Guterres, a founding member of Fretilin, is associated with the anti-Alkatiri reform group within the party and campaigned to unseat Alkatiri as the party's Secretary General at the party congress in May. Many observers are convinced that he would have been successful if the voting had been done via secret ballot as originally planned. In a conversation with Ambassador Rees immediately following the swearing in ceremony, Ramos-Horta expressed his hope that once back in country for the long term, Guterres will be well positioned to promote reform within Fretilin. Noting that Guterres had had only two weeks to campaign before the May congress, Ramos-Horta expressed his hope that he might now be able to assume the leadership and "make the party more liberal, more open minded." (Note: Although the Fretilin has not scheduled an extraordinary congress to re-do the leadership election, the reform group continues to push for this and has reportedly filed its case arguing that the current leadership was illegally elected. Current party leadership has indicated that they would agree to another congress only if the courts rule against them. End note.)

14. (U) Ramos-Horta will remain Minister of Defense while also serving as Prime Minister. There were rumors earlier in the week that the portfolio might be shifted to the commander of the armed forces, Brigadier General Taur Matan Ruak. However, Ramos-Horta had made his desire to retain the defense portfolio clear over recent weeks and does not appear to have been challenged on this.

New ministers fill vacancies due to recent resignations

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15. (SBU) Three ministries remained vacant at the top in the wake of the various recent resignations, including the Ministry for Natural Resources Petroleum and Energy Policy, the Ministry of Education and Culture, and the Ministry of Transportation and Communications. The Natural resources portfolio was previously held by Alkatiri, but his resignation from the position became effective simultaneously with his resignation as Prime Minister. The education and transportation ministers both resigned shortly before Alkatiri stepped down and Ramos-Horta decided not to ask either of them to return, citing them both as "weak" ministers.

16. (SBU) Taking Alkatiri's place as the Minister of Natural Resources is Jose Teixeira, who has been elevated from the Vice Minister position. Teixeira, though not a member of Fretilin, has been a strong Alkatiri ally and had previously stated in conversations with Emboffs his intent to resign immediately if Alkatiri was pushed out. Teixeira was educated in Australia and holds dual Australian and Timorese citizenship. The new Minister of Education is Rosalia Corte-Real, who has also been elevated from Vice Minister. Corte-Real is the former Vice Minister of Education for Primary and Secondary Education and one of 15 members of Fretilin's National Political Committee. Filling the position of Minister of Transportation is Inacio Moreira. Moreira, who has previously been considered for a position in the Ministry of Education, will leave his position as the Director of the Faculty of Engineering at the National University of Timor-Leste to take up his new position.

Vacancies remain, revealing outstanding disagreements

17. (SBU) Several vacancies remain in the cabinet at the vice minister level. Some of these vacancies were inherited from the previous cabinet, but two important ones in the interior and justice ministries respectively remain unfilled despite

Ramos-Horta presenting candidates he strongly supports. He put forward Olandina Alves, a former commissioner on the domestic Commission for Reception, Truth and Reconciliation (CAVR) and currently an alternate on the bilateral Truth and Friendship Commission (TFC) as Vice Minister of Interior, noting to Emboffs that she would serve as a strong advocate on human rights issues within the ministry. However, he reported to Ambassador Rees that Fretilin argued against her claiming that she does not show up at meetings, but in his view "because she's independent." (Note: Ramos-Horta is well aware that the national police, which fall under the Ministry of Interior, have been the most prominent source of human rights violations reported in the annual Human Rights Report and other public reports. End note.)

For the position of Vice Minister of Justice, Ramos-Horta wanted to bring on Isabela Feireira, a human rights lawyer who served as Alkatiri's advisor on human rights but was apparently blocked by Fretilin on this appointment as well.

List of members of the Ramos-Horta's cabinet

18. (U) Below is a complete list of the new cabinet:

MINISTERS

- Minister for Foreign Affairs and Cooperation, Jose Luis Guterres (replacing Jose Ramos-Horta)
- Minister for Planning and Finances, Madalena Brites Boavida (incumbent)
- Minister for State Administration, Ana Pessoa (incumbent)
- Minister for Defence, Josi Ramos-Horta (incumbent, replaced Roque Rodrigues in June)
- Minister for the Interior, Alcino Barris (incumbent, replaced Rogerio Lobato in June)
- Minister for the Presidency of the Council of Ministers, Antoninho Bianco (incumbent)
- Minister for Transport and Communications, Inacio Moreira (replacing Ovidio Amaral)
- Minister for Agriculture, Forests and Fisheries, Estanislau da Silva (incumbent)
- Minister for Education and Culture, Rosalia Corte-Real

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(elevated from Vice Minister, replacing Armindo Maia)

- Minister for Health, Rui Maria de Arazjo (incumbent)
- Minister Labour and Community Reinsertion, Arsinio Paixco Bano (incumbent)
- Minister for Justice, Domingos Sarmiento (incumbent)
- Minister for Development, Arcanjo da Silva (incumbent, replaced Abel Ximenes in June)
- Minister for Public Works, Odete Victor (incumbent)
- Minister for Natural Resources, Minerals and Energy Policy, Josi Teixeira (elevated from Vice Minister, replacing Mari Alkatiri)

VICE MINISTERS

- VM for Foreign Affairs and Cooperation, Adalgiza Magno (incumbent)
- VM for Planning and Finances, Aicha Bassarewa (incumbent)
- VM for State Administration, Valentim Ximenes (incumbent)
- VM for State Administration, Filomeno Aleixo (new, replacing Ilda Conceicao)
- VM for Interior, TBA (previously held by Alcino Barris who is now Minister)
- VM for Transport and Communications, TBA (vacant in previous cabinet)
- VM for Agriculture, Forests and Fisheries, Francisco Tilman Benevides (incumbent)
- VM for Education for Technical and Superior Education, TBA (vacant in previous cabinet)
- VM for Primary and Secondary Education, Ilda da Conceigco (moved from State Administration, replacing Corte-Real who is now Minister)
- VM for Health, Luis Lobato (incumbent)
- VM for Justice, TBA (previously held by Manuel Abrantes)
- VM for Public Works, Raul Mousaco (incumbent)
- VM for Development, Antsnio Cepeda (replacing Arcanjo da Silva who is now Minister)

SECRETARIES OF STATE

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-- Sec. of State for the Council of Ministers, Gregorio de Sousa (incumbent)
-- Sec. of State for the Environmental, Ordination of the Territory Coordination, Joco Batista Alves (incumbent)
-- Sec. of State for Youth and Sport, Josi Manuel Fernandes (incumbent)
-- Sec. of State for Culture, TBA (vacant in previous cabinet)
-- Sec. of State for Veterans' and Former Combatants Affairs, David Ximenes (incumbent)

SECRETARIES OF STATE FOR THE REGIONS

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Sec. of State for the Coordination of Region I, Josi Reis (incumbent)
Sec. of State for the Coordination of Region II, Adriano Corte-Real (replacing Virgilio Simith)
Sec. of State for the Coordination of Region III, TBA (previously held by Egidio de Jesus)
Sec. of State for the Coordination of Region IV, Lino Torrezco (replacing Cesar da Cruz)
Sec. of State resident in Oe-Cusse, Albano Salem (incumbent)

Comment

19. (SBU) This new cabinet reveals some of the power dynamics occurring behind the scenes between Ramos-Horta and Fretilin. In his recent conversation with Ambassador Rees Ramos-Horta stated that if it had been up to him, he would have made more changes, but that Fretilin remains in control of cabinet appointments. However, the fact the Ramos-Horta was able to bring Guterres on board as Minister of Foreign Affairs demonstrates that he can get his way on key issues as long as he chooses his battles carefully. It is likely that he did not push hard on the issue of the vacant vice minister positions in favor of focusing on the foreign affairs portfolio. Another interesting aspect of the new cabinet is the fact that all the key Alkatiri allies have remained on board (e.g. Estanislau da Silva and Anna Pessoa) despite statements in previous

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conversations that they would resign from their positions if Alkatiri were pushed out. Whether this indicates the extent to which Alkatiri is still wielding power through party mechanisms or the extent to which Ramos-Horta has begun to co-opt them remains to be seen. End comment.

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